



Candidates proficient in corporate strategy development and strategic innovation will be in demand in the healthcare segment with salary increases between 10% to 15% on average.

A tale of two wages: Pay rise can go up to 15% whilst expats' salaries fall 15%

Majority of the sectors in Singapore are poised for a stable rate of salary increases at 3%-15% this year. On another end of the spectrum, expats' salaries are on a continuous decline.

Looking at the bigger picture of Singapore's recruitment and hiring environment, majority of the sectors are poised for a stable rate of salary increases, which spells good news for employees and job seekers. For the accounting and finance sector, a report by Robert Walters noted that professionals in this sector are likely to get 10% to 15% salary increase in the next 12 months after registering modest levels of hiring in 2017 as more companies underwent restructuring, streamlining, and outsourcing of their accounting functions.

Recruitment for Singapore's human resources sector, however, remained stagnant in 2017, according to Robert Walters, especially for mid-to-senior level positions as companies continue to streamline HR teams and the ongoing trend of offshoring administration functions.

The IT sector, will see a high level of demand for business and consumer-facing professionals who have deep learning and machine learning skills, with the rising trends of digital transformation, technological innovation, and artificial intelligence. Employers in the sector will also look for UX/UI professionals, particularly on front-end development, as well as cybersecurity experts. In terms of salary, increase is expected to be between 5% to 15%.

For the legal sector, hiring trend was relatively stagnant

Private banking bonuses rose 5-7% YoY in 2017.



in 2017 compared to 2016 partly due to stringent requirements for recruiting legal professionals. Year-on-year salary increases ranged between 3% to 7% on average, and this is expected to continue in the next 12 months. For the sales and marketing sector, on the other hand, hiring levels remained positive within the fast market and consumer goods, retail, luxury, and healthcare segments in 2017. Candidates proficient in corporate strategy development and strategic innovation will be in demand, particularly in the healthcare segment. Salary increases are likely to be between 10% to 15% on average.

Toby Fowlston, managing director for Southeast Asia at Robert Walters, noted that to secure high-potential talent, hiring managers are advised to make fast and strategic hiring decisions, using engaging and seamless interview processes to expedite recruitment. "Top talent can be retained with good succession planning and career progression opportunities, as well as monetary incentives," he reckoned.

Meanwhile, moderate hiring levels were observed in the banking and financial services sector in 2017 with more functions, particularly in the banking industry, transitioned offshore, whilst mergers and acquisitions also adding to the slowdown in hiring. Despite this, private

banking continues to gain momentum in the lion city with bonuses of a good-performing private banker clocking in somewhere around a whopping 50% of the base salary. This means that a managing director with more than 17 years job experience can earn as much as \$200,000 in bonuses alone.

Banking bonuses

“The bonus on that would average 40-50% (given their book) which means in total Managing Directors could easily be receiving a package (base salary, bonus and long-term incentives) of close to SGD 1 - 1.5 Million,” said **Nilay Khandelwal**, regional director of Michael Page Singapore

Executive director or SVP levels can earn around \$137,500 in bonuses separate to their existing compensation packages. Those in the director and associate director levels can earn in between \$100,000 to \$150,000 in bonuses alone whilst an associate client advisor with around two to six years of experience could similarly enjoy hefty \$48,000.

Private banking bonuses rose 5-7% YoY in 2017, according to **Krista Espaldon**, senior consultant & regional lead for private banking at Morgan McKinley. Hefty bonus packages help private banking recruiters attract and retain top talent that could draw in wealthy clients amidst growing demand for personalised banking services and limited manpower to plug the demand.

However, gone are the days of purely cash pay-out bonuses as a number of bonus packages are actually broken down into 60-40% cash and stocks/shares which are vested in two to three years.

“Quite a bit of the bonus pay-out is deferred over a 3 - 5 year period and if the bank is listed, then they do offer shares too. Usually about 25% - 40% of the bonus is deferred over a 3- 5 year period and depending on the bank, it is paid out in a combination of stocks and cash,” said **Rahul Sen**, global head of private wealth management at The Omerta Group.

What remains the same is the more generous compensation packages offered by foreign private banking players who dole out around 10-13% in total take home pay (including base salaries) as opposed to large local private banks who pay out a decent 8 to 12%, according to Espaldon. “It is all performance-linked so it would range



Bruno Lanvin



Paul Evans



Nilay Khandelwal



Krista Espaldon

anywhere from 30% to 80%, with 50% being the average. If you are at the top of your game in private banking, you do make a lot of money,” said Khandelwal.

Crazy, poor expats

If wages and bonuses are on a steady rise for Singaporeans, expats are on the other side of the spectrum with average expat income falling 15% to US\$117,904 in 2017. From being the fourth highest paid expats in the world, Singapore expats are now tenth globally in terms of salary packages.

Previous findings of the survey revealed Singapore is the best country for expats, but across HSBC's league tables, it was defeated by other countries. In the overall economics league table, Singapore ranked second with a score of 0.61 in 2016. In 2017, its score improved to 0.64, but it fell to fourth place. The rankings are based on questions on an expat's personal finances, views on the local economy, and their working life.

Three-quarters of expats (73%) say the country offers better earnings potential than their home country. Indeed, they report a 42% increase in their annual income since the move to an average of almost US\$118,000. This figure is US\$18,000 higher than the average expat income. On average, expats in Singapore earn US\$139,000 which is significantly higher than the global average of USD97,000. Expats in the country can also enjoy benefit packages from their employers, with 73% of expats receiving at least one benefit as part of their contract, compared with 67% globally

Manpower crunch

Despite the overall rosy outlook on salaries, the city-state is still grappling with a gaping number of job vacancies estimated at around 48,800 in 2017, according to statistics released by the Ministry of Manpower, with the accommodation and food services, and administrative jobs in security and investigation registering some of the highest vacancy levels at 6.4% and 4.9% respectively in Q4. As a consequence, a growing number of industries, particularly in the hospitality sector, have been turning to technological advancements like AI and robotics to fill the severe manpower gap. The police force is also in the process of fully automating all neighbourhood police posts that can provide 24/7 access to routine police services like submitting crime reports and lost-and-found property which frees up more officers to be redeployed to the ground. The government is similarly deploying AI systems for border security and machine learning for arduous document audits.

“Talent crunches will continue to appear wherever technological innovations require new skills and new ways of organizing production, delivering goods and services, acquiring and consuming them. The only way they can be addressed in the longer run is hence through changes in education: teaching children how to learn (eg through coding), and allowing adults to constantly acquire new skills (life-long learning),” said **Bruno Lanvin**, Executive Director for Global Indices, INSEAD & **Paul Evans**, INSEAD Professor and Academic



Robie is a robot employed by Park Avenue hotels. He transports used/clean linen, general waste as well as bulky room items (bottled water, bed toppers, furniture, etc.) in between floors.

Director for GTCI (Global Talent Competitiveness Index).

In addition to the lack of human resources, skills shortage remains a pressing problem plaguing recruiters and businesses across industries in the lion city. “Within finance and accounting, our research has found 100% of CFOs in Singapore find it challenging to source skilled professionals – making it of equal importance that companies have a proactive recruitment and retention strategy in place,” Robert Half Singapore managing director **Matthieu Imbert-Bouchard** said.

Technological revolution

“Digital transformation will continue to be a game changer in the recruitment environment,” said **Jaya Dass**, managing director at Randstad Singapore. “Employers are looking to invest in new technologies to help improve their attraction and retention efficiencies.”

The banking sector is also in the same boat as consumers expectations and demands for a seamless banking experience are also accelerating the pace of upskilling in the sector, noted ManpowerGroup Singapore country manager **Linda Teo**.

This growing technological revolution is already disrupting various industries in Singapore. For instance, the insurance industry has, for years, been transitioning to a more digital landscape with startups and even full-pledged insurance firms, like Singapore Life, already embracing insurtech as their core business model, and not just a component of their overall operations. This is also true in the legal and financial sectors with the rise of legaltech and fintech startups and businesses.

This, according to **Rob Bryson**, managing director for Robert Walters Singapore, will continue to drive activity, particularly in the information technology (IT) sector. “We believe the IT job market will remain active in 2018,” he said, adding that businesses will continue to improve their digital processes, generating permanent and temporary opportunities for people with both traditional and new technology skills. Some of the key industries and sectors that are driving this digital transformation in Singapore include financial services, logistics, and e-commerce.

Local and multinational firms’ drive for increased digital transformation and technological innovations is also in line with the Singapore government’s drive to strengthen technological infrastructure in a bid to make the city-state a “smart nation.” This comprehensive effort, both from the public and private sector, is only going to make Singapore an attractive employment destination for technology professionals.

“We will see a demand for digital professionals, software developers, data scientists, as well as cybersecurity specialists,” said **Diana Low**, director at Page Executive Asia. “The technology sector will see continuous demand. An increasing number of companies are under pressure to drive transformation in the digital sector and also further invest in their IT systems.”

This sentiment is echoed by Imbert-Bouchard, when he said that Singapore’s shift towards digitalisation is continuing and will continue to drive high demand for professionals with niche skills and expertise in 2018.



Jaya Dass



Rob Bryson



Toby Fowlston



Matthieu Imbert-Bouchard



Linda Teo

RECRUITMENT TRENDS IN SINGAPORE

A key trend in Singapore’s recruitment sector this year is the increased activity in the contract market, indicating the openness of employees and workers to more flexible job opportunities. Imbert-Bouchard said that there’s a strong demand for interim staff from employers who need the required skills to manage short-term contracts without having to add to their existing headcount.

Contract work, he said, has become a viable option for Singapore professionals looking for more work-life balance and to diversify their career path. For Low, this rise in contractual work and openness for freelance and flexible work is also indicative of a mindset shift amongst professionals in Singapore who were traditionally geared towards jobs that are more stable. “We expect this trend to continue in 2018, as employers recognise the value contractors can bring to a business, particularly for legal professionals in the technology, healthcare, and fintech sectors,” Bryson said.

Automation and changing skill sets

In line with the growing trend of digital transformation and focus on technological innovation, Imbert-Bouchard also noted that new skillsets are required to navigate these new digital systems. For some experts, the rise of automation also means newer opportunities for companies and employees in terms of their growth and development.

Randstad research showed that around half of employees in the city-state noted that automation will make their job better, whilst 72% would want to retrain themselves if they are paid the same or more than their current pay. This demonstrates that employees in Singapore are less resistant to the concept of job automation and understand that they need to adapt to remain relevant in the labour market. In this regard, Dass noted that companies should invest more into learning and development programmes that are tailored to the needs of the business and to prepare their workforces for the onset of digitalisation.

Meanwhile, Bryson noted that whilst some jobs will be displaced as robots take over certain professions, the demand for such automation will have also led to new opportunities that employees could participate in. “Employees can skill up and do new higher value jobs and get better pay instead of doing more manual or tedious tasks,” he said. Low concurred and said that “Whilst machines/AI can automate a task and take away certain activities, it would never completely eliminate the human factor in a job,” said Low. “If employees can integrate their work with the machines and continuously develop themselves, they can be a better hire and more productive in their role.” Bryson noted that the human element will still play a vital role in business as people will still want to interact with people for more complex tasks and in service-based industries.